

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the matter of)	
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In the Matter of)	
Material to be Filed in Support of)	WCB/Pricing 04-15
2004 Annual Access Tariff Filings)	
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TARIFF REVIEW PLANS

Adopted: April 19, 2004

Released: April 19, 2004

By the Chief, Pricing Policy Division:

I. INTRODUCTION

1. We set forth herein the Tariff Review Plans (TRPs) that all incumbent local exchange carriers (ILECs) should file to support the annual revisions to the rates in their interstate access service tariffs.¹ The completion of the TRPs appended to this document will partially fulfill the requirements established in sections 61.41 through 61.49 of the Commission's rules.² The TRPs display basic data on rate development in a consistent manner, thereby facilitating review of the ILEC rate revisions by the Commission and interested parties.³ The annual TRPs have served this purpose effectively in past years.

2. Rate-of-return LECs subject to section 61.38 of the Commission's rules⁴ are required to file access service tariff revisions this year, an even-numbered year,⁵ and are required to submit supporting documentation with their tariff filings.⁶ Rate-of-return LECs subject to section 61.39 of the Commission's rules⁷ are required to file access service tariff revisions in odd-numbered years and would normally not be required to submit supporting documentation with their tariff filings if made this year,

¹ The filing date along with comment and reply periods will be specified in a separate order.

² 47 C.F.R. §§ 61.41 - 61.49.

³ TRP formats for the annual filings are developed for the specific circumstances of the calendar year in which the revised rates will become effective. We refer to the TRPs discussed in this document as the 2004 TRPs.

⁴ 47 C.F.R. § 61.38.

⁵ 47 C.F.R. § 69.3(f)(2).

⁶ 47 C.F.R. § 61.39(b).

⁷ 47 C.F.R. § 61.38.

absent the requirements adopted in the *Rate-of-Return Access Charge Reform Order*.⁸

3. The tariff filings of rate-of-return LECs subject to sections 61.38 and 61.39 must implement certain rule modifications affecting the calculation of common line access rates adopted in the *Rate-of-Return Access Charge Reform Order* that became effective on July 1, 2002. These section 61.38 and section 61.39 carriers should provide an explicit explanation of any changes detailing old and new rates and revenues in their Description and Justification or Letter of Transmittal accompanying the annual filing. Further, if challenged by the Commission, all rate-of-return LECs must be able to show that they have properly implemented other requirements in the *Rate-of-Return Access Charge Reform Order*, such as the reduction of the local switching revenue requirement, by producing cost support material similar to that submitted in the 2002 annual filing.⁹

4. Based on the Bureau's experience in reviewing the TRPs in prior years, the submission by the price cap ILECs of the short form TRP on April 30, 2004, together with comments and replies by interested parties, will aid the Bureau in analyzing the annual demand and rate revisions to be effective July 1, 2004. Section II, below, details modifications to the price cap TRP. Section III, below details modifications to the rate-of-return TRP.

5. As in previous years, the short form TRP requests information from the price cap ILECs that does not involve the computation of rates that will be effective on July 1, 2004. Consequently, as we explain further below, this version of the TRP will contain the IND1 form (partly filled out), the TGT form (partly filled out), and the EXG1 form (completely filled out).

II. PRICE CAP TARIFF REVIEW PLAN

6. In the *LEC Price Cap Order*,¹⁰ the Commission adopted price cap regulation for certain ILECs, effective January 1, 1991. Companies that currently file interstate access tariffs pursuant to the price cap rules include the Regional Bell Operating Companies—BellSouth Telecommunications Inc., Qwest Corporation, SBC Communications, and Verizon Telephone Companies.¹¹ Other telephone companies subject to price cap rules are Alltel Telephone System, Cincinnati Bell Telephone Company, Citizens Telecommunications Companies (Citizens), Frontier Communications of Minnesota and Iowa, Frontier Communications of Rochester (Frontier), Iowa Telecommunications Services Inc. (ITS), Sprint Local Telephone Companies (Sprint LTCs), and Valor Telecommunications Enterprises LLC. Any other company may elect price cap regulation as part of its 2004 annual filing. All companies that file pursuant to price cap regulation in the 2004 annual filing should file the price cap TRPs outlined below and contained in Appendix A.

⁸ *Multi-Association Group (MAG) Plan for Regulation of Interstate Services of Non-Price Cap Incumbent Local Exchange Carriers and Interexchange Carriers*, CC Docket No. 00-256, Second Report and Order and Further Notice of Proposed Rulemaking, 16 FCC Rcd 19613 (2001) ("*Rate-of-Return Access Charge Reform Order*").

⁹ *July 2, 2002 Annual Access Charge Tariff Filings*, WCB/Pricing 02-13, DA 02-1308 (WCB/Pricing rel. Jun. 3, 2002) (TRPOrder).

¹⁰ *Policy and Rules Concerning Rates for Dominant Carriers*, CC Docket No. 87-313, Order, 5 FCC Rcd 6786 (1990) (*LEC Price Cap Order*), *recon.*, 6 FCC Rcd 2637 (1991), *further recon.*, 6 FCC Rcd 4524 (1991), 7 FCC Rcd 5235 (1992), *aff'd sub nom. National Rural Telecom Ass'n v. FCC*, 988 F.2d 174 (D.C. Cir. 1993).

¹¹ SBC companies that will file TRPs are Ameritech Operating Company, Nevada Bell Telephone Company, Pacific Bell Telephone Company, Southern New England Telephone, and Southwestern Bell Telephone.

A. Modifications to the Price Cap TRP

7. In the 2004 price cap Annual Access TRP, we have adopted certain changes to the previous TRP of July 1, 2003. These modifications are noted in the forms and workpapers of Section B. With this filing, as in last year's, we encourage companies to produce the TRP in the WK4 format which can be created with Release 5 or later of Lotus. The Electronic Tariff Filing System (ETFS) of the FCC handles Lotus files in Release 5, WK4 version, better and with less difficulty than the corresponding WK3 version. In addition, it is possible for analysts to reformat Release 5, WK4 files in MS Excel. This facilitates our analysis of the data presented.

8. The 2004 Annual Access TRP requires those ILECs that price certain common line rate elements separately by jurisdiction within a study area to provide such prices instead of a roll up or average rate. These common line rate elements will be found in a separate form called the CAP-1J form.

9. In this TRP, companies will provide a worksheet listing services that have been removed from price caps, the tariff section associated with that service, and the date and reason services have been removed from price caps. We provide the format of the worksheet in the Excluded Service section in Part B, below.

B. TRP Forms and Workpapers**1. IND1 Form**

10. The IND1 form displays price cap indices (PCIs), actual price indices (APIs), service band indices (SBIs), and upper SBI limits. It is unchanged from the version in the 2003 TRP. To assist in verifying the historical indices reported in IND1, ILECs should continue to file a workpaper that identifies transmittals in which the current index levels became effective.

2. TGT Forms

11. The TGT forms show the calculations necessary to arrive at an Average Traffic Sensitive Rate (ATS) for filing carriers. All companies must fill out TGT-1 and TGT-3. Companies that have not reached the ATS target will fill out the TGT-2 form. Companies that have met their ATS rate should specify the date when they met the target and the transmittal number of the filing in the TGT-1 form. Companies should note that Cell S92 of TGT-2 is now labeled "Input" to handle the X-factor extension issue.

12. As in the 2003 TRP, the TGT forms allow for complete identification of the original, current, and capped average traffic sensitive rates. In addition, we specify the details of the FCC's rules pertaining to the calculation of the average traffic sensitive rates.

3. CAP Forms

13. There are only minor revisions in the CAP form dealing with font sizes and text changes.

4. PCI1 Form

14. The PCI1 form displays the calculation of the PCIs for the price cap baskets and includes the following data: (1) the Gross Domestic Product Price Index (GDP-PI) measuring inflation; (2) the productivity offset (X-Factor);¹² (4) the exogenous cost change (Z); (5) the base-year (calendar year 2003)

¹² The X-Factor is 6.5 percent for all filing price cap ILECs if the ATS target rate has not been met and is otherwise set equal to the inflation rate as measured by the GDPPI.

revenue R for each basket; and (6) the weighting factor (w) used in computing the PCIs. There were no revisions to the PCI1 form.

5. SUM1 Form

15. This is a summary form displaying the revenues in baskets and categories. It displays the base-year (calendar year 2003) service demand multiplied by (1) current rates, and (2) proposed rates. SUM1 is used to calculate the difference in revenues using base-year demand, under current and proposed rates. There were no revisions to the SUM1 form.

6. EXG Forms

16. The EXG1 form displays the exogenous cost changes to the PCIs attributable to any changes in: (1) sale of exchanges; (2) FCC regulatory fees; (3) excess deferred taxes; (4) amortization of investment tax credits; (5) three columns dealing with low end adjustment calculations; (6) fees associated with Telecommunications Relay Service; (7) allocation of costs between regulated and unregulated activities; (8) North American Numbering Plan (NANPA) expenses; (9) the removal of thousands block number pooling costs; and (9) any other exogenous cost changes the ILECs may file.

17. The EXG2 form displays the net exogenous shifts related to bands and zones for the ATS categories.

7. RTE1 Forms

18. These forms display information used to compute the APIs, SBIs, and upper SBI limits. They display calendar year 2003 demand, current rates, proposed rates, and revenues computed by multiplying the 2003 demand by current and proposed rates. The RTE1 forms enable the Commission to verify the accuracy of "R," the revenue variable in the PCI formula that equals base period (2003) demand multiplied by rates. Demand and price data are reported in the aggregate under the primary rate elements of each category. The level of aggregation in the RTE1 forms allows rapid, consistent verification of index calculations across all companies.

8. Rate Detail Form

19. In their previous annual filings, ILECs provided a form that gave complete rate element detail, *i.e.*, demand, existing rates, and proposed rates for each rate element subject to price caps. ILECs should again file this form with their 2004 annual access tariff filing. We leave unspecified the exact format of the rate detail form because each price cap ILEC has a different number of rate elements. For each rate element, however, ILECs should display the rate element name, jurisdiction, base period demand, current rates, and proposed rates. ILECs may also include a rate identifying code. The revenue amounts for baskets and categories should be totaled to assist in verifying the agreement between this form and the revenue amounts in RTE1. The variation in the number of rate elements among ILECs prevents us from specifying the row numbers, but each row of this form should correspond to only one rate element. The rows should reflect the basket and service category sequence used in RTE1.

9. Services Excluded from Price Caps

20. For the 2004 filing, we request companies to provide a list of services not in price caps and the tariff section associated with that service. Rate element details should be provided for the following categories: Special Construction/ICBs; Packet Services (*e.g.*, ATM, Frame Relay); End User Charges (*e.g.*, USF charges, LNP); Government Services (*e.g.*, FTS); Miscellaneous/Other (*e.g.*, engineering services); and Services that were in price caps but have been removed (*e.g.*, interexchange services, special access,

trunking). Companies should provide information as to the authorization for removal. The company should identify the major service and indicate whether the rate is recurring or non-recurring. ILECs should clearly state in their cover letters where this information can be found in their TRPs.

C. Miscellaneous

21. Price Cap ILECs must submit their Form 492A for calendar years 2002 and 2003 as part of their TRP support material, and use the footnote page provided on Form 492A to explain the development of composite tax rates. As in previous annual filings, the earnings of services excluded from price cap treatment should be removed based on the assumption that the excluded services earned the same interstate rate of return as did price cap services.

22. In addition to the above specifications, price cap ILECs should include with their support materials a list of all currently applicable Part 69 waivers. The list should include the following information: (1) a citation to the Commission or Bureau order granting the waiver; (2) a brief description of the waiver, including whether any new rate elements were authorized; and (3) the basket and, if applicable, service category of each rate element authorized by the waiver.

23. If ILECs file to revise their TRP after June 16, 2004, the TRP should be refiled in its entirety, rather than just the parts of the TRP that are changed. The latest TRP filed becomes the TRP of record. Other parts of the original filing, *e.g.*, portions of the explanations, description and justification, and workpapers, may be omitted if unchanged by the revision.

III. RATE-OF-RETURN TARIFF REVIEW PLAN

A. Modifications to the Rate-of-Return TRP

24. In the 2004 rate-of-return TRP, we have adopted certain changes to the 2002 rate-of-return TRP. These modifications are noted in the forms and workpapers. The TRP for section 61.38 carriers is attached as an appendix to this document.

25. In this tariff filing, we produce the TRP in the Microsoft Excel 97 format, which can be created with Excel 97 or later. The Electronic Tariff Filing System of the FCC handles Excel 97 files. This facilitates our analysis of the data presented.

26. The rate-of-return TRP consists of several forms. In each form carriers are required to enter data in several fields. In the rows or columns where data entry is required in the worksheet, the label "ENTER DATA" is evident. In those fields in which calculations are performed by pre-programmed formulae in the spreadsheet, the words "CALCULATED FIELDS" appear.¹³

27. The section 61.38 ACR-1 (Projected) Form describes the impact of the *Rate-of-Return Access Charge Reform Order* on projected revenue requirements for the tariff year (July 1, 2004 - June 30, 2005). The section 61.38 ACR-1 (Historical) Form describes the impact of the *Rate-of-Return Access Charge Reform Order* on historical (calendar year 2003) revenue requirement figures for section 61.38 carriers.

B. General Guidelines Applicable to NECA

28. We have not adopted a TRP for NECA, although NECA should refer to the rate-of-return

¹³ Fields that require data entry are colored black; calculated fields are colored blue.

TRP for guidance on the level of support materials to provide in its annual filing. As in the past, NECA should provide: (1) earnings data using the ERN-1 format; and (2) average schedule company settlements using the COS-1 format.

IV. GENERAL INSTRUCTIONS

29. The following general instructions apply to all ILECs. These instructions pertain to the TRPs and other documentation filed in support of access charges.

A. Certification

30. The filing of inaccurate or incomplete data may seriously detract from the ability of the Commission and interested parties to evaluate the revised rates. All ILECs must certify that their historical and forecast data are accurate by including a signed statement that the support data are true, correct, and complete to the best of the carrier's knowledge. This certification will apply to all data submitted in support of revised rates, including the data that are filed in the TRP. The text of the certification is the same as that adopted in the *1987 Waiver Order*.¹⁴ The certification should be displayed as the last page in the binder containing each company's TRP. ILECs are also under a continuing legal obligation to correct any inaccurate or incomplete data subsequently discovered in the TRP or other support data.

B. Waivers

31. If carriers find that they are unable to provide data in the TRP, they may request a waiver. These waiver applications should demonstrate good cause for reporting a different or lower level of detail than specified and should indicate how the carrier intends to report complete TRP data in the future. Each carrier requesting any waiver of Commission rules should include all such requests in a single application. Carriers should not delay undertaking development of data for the 2004 TRP in anticipation that waiver requests will be granted.

¹⁴ Annual 1987 Access Tariff Filings, Petitions for Waivers of Filing Requirements, Mimeo No. 6945 (rel. Sept. 16, 1986) (*1987 Waiver Order*).

C. Compliance with the Paperwork Reduction Act

32. The TRPs are subject to approval by the Office of Management and Budget (OMB) in accordance with the provisions of the Paperwork Reduction Act, 44 U.S.C. §§ 3506 *et seq.* OMB has approved the TRPs through May 31, 2006 (OMB Control No. 3060-0400). In compliance with the Paperwork Reduction Act, we estimate burden-hours and place the Office of Management and Budget form number and date on the forms included in the Appendices. We note that these TRPs were developed after informal discussions with ILECs and other industry representatives. We minimize the regulatory burden on the ILECs by deleting obsolete sections of the TRP that have not proved useful, and carriers need not file historical data that have been filed in previous years. Overall, the burden this year is unchanged from that imposed by the 2003 annual access charge tariff filings.

FEDERAL COMMUNICATIONS COMMISSION

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Appendix A**Price Cap
Tariff Review Plan**

**Approved by OMB
3060-0400
Expires May 31, 2006**

See below for information regarding public
burden estimate.

NOTICE: These Tariff Review Plans (TRPs) contain summary support material that certain local exchange carriers (LECs) should file to support their annual access charge tariff filings in partial fulfillment of Sections 61.38 and 61.44 through 61.49 of the Commission's Rules. The TRPs specify basic information in a consistent format and are essential components of the Commission's access tariff review process. The information in the TRPs is used by the FCC to evaluate rates. Public reporting burden for this collection of information is estimated to average 61 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing the burden, to the Federal Communications Commission, Office of Managing Director, Washington, DC 20554, and to the Office of Management and Budget, Office of Information and Regulatory Affairs, Washington, DC 20503.

Double Click Icon

Short Form Price Cap TRP

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Long Form Price Cap TRP

Af04trp.wk4

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Section 61.38 ROR TRP



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ACR FORMS TRP



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